

§ 203.40

30 CFR Ch. II (7–1–12 Edition)

deep well (see definition in § 203.0), and would earn the lease an RSV of 35 BCF under §§ 203.30 and 203.31. Further assume that the average daily closing NYMEX natural gas price exceeds \$4.55 per MMBtu (adjusted for inflation after 2007) but does not exceed \$10.15 per MMBtu (adjusted for inflation after 2007) during 2010. Because the lease is located in more than 200 but less than 400 meters of water, the \$4.55 per MMBtu price threshold applies to the whole RSV (see paragraph (a)(2)(v) of this section), and the lessee will owe royalty on all gas produced from the ultra-deep well in 2010.

(d) You must pay any royalty due under this section no later than March 31 of the year following the calendar year for which you owe royalty. If you do not pay by that date, you must pay late payment interest under 30 CFR 1218.54 from April 1 until the date of payment.

(e) Production volumes on which you must pay royalty under this section count as part of your RSV.

ROYALTY RELIEF FOR DRILLING DEEP GAS WELLS ON LEASES NOT SUBJECT TO DEEP WATER ROYALTY RELIEF

§ 203.40 Which leases are eligible for royalty relief as a result of drilling a deep well or a phase 1 ultra-deep well?

Your lease may receive an RSV under §§ 203.41 through 203.44, and may receive an RSS under §§ 203.45 through 203.47, if it meets all the requirements of this section.

(a) The lease is located in the GOM wholly west of 87 degrees, 30 minutes West longitude in water depths entirely less than 400 meters deep.

(b) The lease has not produced gas or oil from a well with a perforated interval the top of which is 18,000 feet TVD SS or deeper that commenced drilling either:

(1) Before March 26, 2003, on a lease that is located partly or entirely in water less than 200 meters deep; or

(2) Before May 18, 2007, on a lease that is located in water entirely more than 200 meters and entirely less than 400 meters deep.

(c) In the case of a lease located partly or entirely in water less than 200 meters deep, the lease was issued in a lease sale held either:

(1) Before January 1, 2001;

(2) On or after January 1, 2001, and before January 1, 2004, and, in cases where the original lease terms provided for an RSV for deep gas production, the lessee has exercised the option provided for in § 203.49; or

(3) On or after January 1, 2004, and the lease terms provide for royalty relief under §§ 203.41 through 203.47. (Note: Because the original § 203.41 has been divided into new §§ 203.41 and 203.42 and subsequent sections have been redesignated as §§ 203.43 through 203.48, royalty relief in lease terms for leases issued on or after January 1, 2004, should be read as referring to §§ 203.41 through 203.48.)

(d) If the lease is located entirely in more than 200 meters and less than 400 meters of water, it must either:

(1) Have been issued before November 28, 1995, and not been granted deep water royalty relief under 43 U.S.C. 1337(a)(3)(C), added by section 302 of the Deep Water Royalty Relief Act; or

(2) Have been issued after November 28, 2000, and not been granted deep water royalty relief under §§ 203.60 through 203.79.

§ 203.41 If I have a qualified deep well or a qualified phase 1 ultra-deep well, what royalty relief would my lease earn?

(a) To qualify for a suspension volume under paragraphs (b) or (c) of this section, your lease must meet the requirements in § 203.40 and the requirements in the following table.

If your lease has not . . .	And if it later . . .	Then your lease . . .
(1) produced gas or oil from any deep well or ultra-deep well,	Has a qualified deep well or qualified phase 1 ultra-deep well,	earns an RSV specified in paragraph (b) of this section.
(2) produced gas or oil from a well with a perforated interval whose top is 18,000 feet TVD SS or deeper,	Has a qualified deep well with a perforated interval whose top is 18,000 feet TVD SS or deeper or a qualified phase 1 ultra-deep well,	earns an RSV specified in paragraph (c) of this section.